

TOWN OF AMITE CITY

Louisiana

FINANCIAL REPORT

June 30, 2001

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/9/02

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LOUISIANA

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor Reggie Goldsby and
Members of the Town Council
Town of Amite City
Amite, Louisiana

I have audited the accompanying general purpose financial statements of the Town of Amite City, Louisiana, as of and for the year ended June 30, 2001. These general purpose financial statements are the responsibility of the Town of Amite City, Louisiana, management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Town of Amite City, Louisiana, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 19 to the financial statements, the Town of Amite City is a defendant in several lawsuits seeking damages of various amounts. The ultimate outcome of these lawsuits cannot presently be determined and no provision for any liability that may result has been made in the accompanying financial statements.

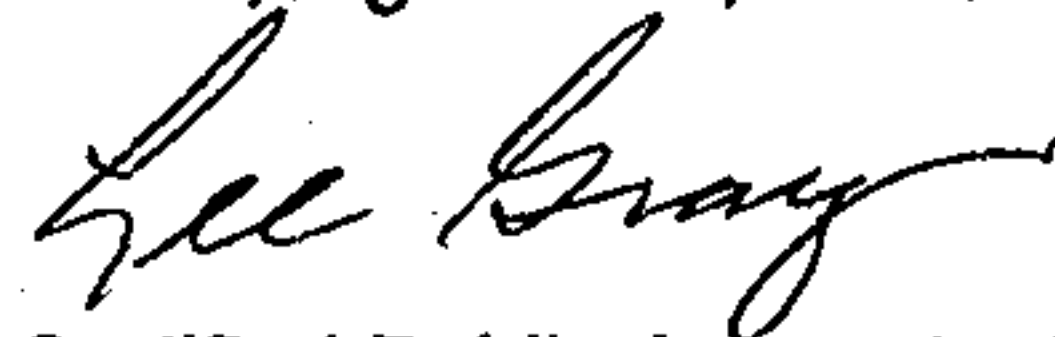
My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Town of Amite City, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose

Town of Amite City - Page 2

financial statements and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The financial information for the preceding year which is included for comparative purposes was taken from the financial report for that year in which I expressed an unqualified opinion on the general purpose financial statements of the Town of Amite City, Louisiana.

In accordance with *Government Auditing Standards*, I have also issued a report dated October 26, 2001, on my consideration of the Town's internal control over financial reporting and my tests of compliance with certain provisions of laws, regulations, contracts, and grants.

A handwritten signature in black ink, appearing to read "Lee Gray", is positioned above the printed name.

Certified Public Accountant

October 26, 2001

GENERAL PURPOSE FINANCIAL STATEMENTS

Town of Amite City

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 2001

	<u>Governmental Fund Types</u>		<u>Proprietary</u>	<u>Fiduciary</u>	<u>Account Groups</u>			<u>Totals</u>	
	<u>General</u>	<u>Special Revenue</u>	<u>Fund Type Enterprise</u>	<u>Fund Type Agency</u>	<u>General</u>	<u>Fixed Assets</u>	<u>General Long-Term Debt</u>	<u>2001</u>	<u>2000</u>
<u>ASSETS AND OTHER DEBITS</u>									
<u>Assets</u>									
Cash and cash equivalents	\$ 16,751	\$531,037	\$ 16,808	\$ 2,610	\$ -	\$ -	\$ -	\$ 567,206	\$ 715,491
Receivables	71,894	55,427	48,683	198	-	-	-	176,202	221,585
Deposits/Deferred Comp Plan	-	-	-	404,665	-	-	-	404,665	408,499
Due from other funds	259,668	5,805	-	3,719	-	-	-	269,192	256,541
Restricted assets - cash	-	-	62,921	-	-	-	-	62,921	62,105
Land, buildings, and equipment (net, where applicable, of accumulated depreciation)	-	-	1,259,373	-	2,027,025	-	-	3,286,398	3,077,596
<u>Other Debits</u>									
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	-	35,373	35,373	34,167
Total Assets and Other Debits	\$348,313	\$592,269	\$1,387,785	\$411,192	\$2,027,025	\$35,373	\$4,801,957	\$4,801,957	\$4,775,984

(Continued)

The accompanying notes are an integral part of this statement.

Town of Amite City

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 2001

	<u>Governmental Fund Types</u>		<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Type Agency</u>	<u>Account Groups</u>			<u>Totals (Memorandum Only)</u>	
	<u>General</u>	<u>Special Revenue</u>			<u>General</u>	<u>Fixed Assets</u>	<u>General Long-Term Debt</u>		
									<u>2001</u>
<u>LIABILITIES AND FUND EQUITY</u>									
<u>Liabilities</u>									
Accounts payable	\$ 66,425	\$ 800	\$ 9,050	\$ -	\$ -	\$ -	\$ -	\$ 76,275	\$ 74,383
Contracts payable	-	2,616	-	-	-	-	-	2,616	-
Compensated absences payable	-	-	7,086	-	-	-	35,373	42,459	39,868
Intergovernmental payables	-	14,117	-	-	-	-	-	14,117	14,025
Payable from restricted assets - Customers' deposits	-	-	62,921	-	-	-	-	62,921	62,105
Due to other funds	9,524	3,639	256,029	-	-	-	-	269,192	256,541
Due to plan participants/others	-	-	-	411,192	-	-	-	411,192	412,946
Leases payable	-	-	7,664	-	-	-	-	7,664	-
Total liabilities	<u>75,949</u>	<u>21,172</u>	<u>342,750</u>	<u>411,192</u>	<u>-</u>	<u>-</u>	<u>35,373</u>	<u>886,436</u>	<u>859,868</u>
<u>Fund Equity</u>									
Contributed capital	-	-	1,347,990	-	-	-	-	1,347,990	1,120,474
Investment in general fixed assets	-	-	-	-	2,027,025	-	-	2,027,025	2,001,366
Retained earnings (deficit)	-	-	(302,955)	-	-	-	-	(302,955)	(256,346)
Unreserved	-	-	-	-	-	-	-	-	-
Fund balances -									
Unreserved - Designated	-	100,350	-	-	-	-	-	100,350	85,125
Unreserved - Undesignated	<u>272,364</u>	<u>470,747</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>743,111</u>	<u>965,497</u>
Total fund equity	<u>272,364</u>	<u>571,097</u>	<u>1,045,035</u>	<u>-</u>	<u>2,027,025</u>	<u>-</u>	<u>-</u>	<u>3,915,521</u>	<u>3,916,116</u>
Total Liabilities and Fund Equity	<u>\$348,313</u>	<u>\$592,269</u>	<u>\$1,387,785</u>	<u>\$411,192</u>	<u>\$2,027,025</u>	<u>\$35,373</u>	<u>-</u>	<u>\$4,801,957</u>	<u>\$4,775,984</u>

(Concluded)

The accompanying notes are an integral part of this statement.

Town of Amite City

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - ALL GOVERNMENTAL FUND TYPES**
Year Ended June 30, 2001

			Totals (Memorandum Only)	
	<u>General</u>	<u>Special Revenue</u>	<u>2001</u>	<u>2000</u>
<u>Revenues</u>				
Taxes	\$ 227,445	\$ 1,358,374	\$ 1,585,819	\$ 1,633,914
Licenses and permits	207,570	-	207,570	209,347
Intergovernmental	67,096	34,927	102,023	94,427
Fines	22,275	-	22,275	28,753
Charges for services	284,566	-	284,566	290,299
On behalf payments by state	49,650	-	49,650	45,340
Miscellaneous	41,878	31,076	72,954	70,806
Total revenues	<u>900,480</u>	<u>1,424,377</u>	<u>2,324,857</u>	<u>2,372,886</u>
<u>Expenditures</u>				
Current -				
General government	730,856	9,692	740,548	602,345
Public safety - Police	529,743	-	529,743	520,757
Public safety - Fire	18,410	168,693	187,103	197,276
Streets	462,106	-	462,106	445,943
Sanitation	131,690	-	131,690	140,729
Cemetery	68,520	-	68,520	63,121
Culture and recreation	79,217	-	79,217	99,571
Economic development	-	50,263	50,263	8,150
Intergovernmental	13,327	-	13,327	8,316
Miscellaneous programs	26,414	-	26,414	26,237
Main Street	22,335	-	22,335	32,944
Art development	-	3,887	3,887	3,413
Total expenditures	<u>2,082,618</u>	<u>232,535</u>	<u>2,315,153</u>	<u>2,148,802</u>
Excess (deficiency) of revenues over expenditures	<u>(1,182,138)</u>	<u>1,191,842</u>	<u>9,704</u>	<u>224,084</u>
<u>Other Financing Sources (Uses)</u>				
Operating transfers in	1,203,500	78,702	1,282,202	1,617,631
Operating transfers out	<u>(44,739)</u>	<u>(1,237,463)</u>	<u>(1,282,202)</u>	<u>(1,617,631)</u>
Total other financing sources (uses)	<u>1,158,761</u>	<u>(1,158,761)</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures and other financing uses	<u>(23,377)</u>	<u>33,081</u>	<u>9,704</u>	<u>224,084</u>
Fund balances, beginning	<u>295,741</u>	<u>538,016</u>	<u>833,757</u>	<u>826,538</u>
Fund balances, ending	<u>\$ 272,364</u>	<u>\$ 571,097</u>	<u>\$ 843,461</u>	<u>\$ 1,050,622</u>

The accompanying notes are an integral part of this statement.

Town of Amite City

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL -
GENERAL AND SPECIAL REVENUE FUND TYPES**
Year Ended June 30, 2001

	General Fund			Annually Budgeted Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Taxes	\$ 197,600	\$ 227,445	\$ 29,845	\$ 1,540,000	\$ 1,358,374	\$(181,626)
Licenses and permits	209,800	207,570	(2,230)	-	-	-
Intergovernmental	101,732	67,096	(34,636)	-	34,927	34,927
Fines	37,000	22,275	(14,725)	-	-	-
Charges for service	292,800	284,566	(8,234)	-	-	-
On behalf payments by state	45,340	49,650	4,310	-	-	-
Miscellaneous	33,700	41,878	8,178	26,500	31,076	4,576
Total revenues	<u>917,972</u>	<u>900,480</u>	<u>(17,492)</u>	<u>1,566,500</u>	<u>1,424,377</u>	<u>(142,123)</u>
Expenditures						
General government	651,900	730,856	(78,956)	10,010	9,692	318
Public safety - Police	509,000	529,743	(20,743)	-	-	-
Public safety - Fire	19,156	18,410	746	191,249	168,693	22,556
Streets	539,358	462,106	77,252	-	-	-
Sanitation	156,000	131,690	24,310	-	-	-
Cemetery	65,030	68,520	(3,490)	-	-	-
Cultural and recreation	75,300	79,217	(3,917)	-	-	-
Economic development	-	-	-	201,560	50,263	151,297
Intergovernmental	10,100	13,327	(3,227)	-	-	-
Miscellaneous programs	31,000	26,414	4,586	-	-	-
Main Street	40,200	22,335	17,865	-	-	-
Art development	-	-	-	8,400	3,887	4,513
Total expenditures	<u>2,097,044</u>	<u>2,082,618</u>	<u>14,426</u>	<u>411,219</u>	<u>232,535</u>	<u>178,684</u>
Excess (deficiency) of revenues over expenditures	<u>(1,179,072)</u>	<u>(1,182,138)</u>	<u>(3,066)</u>	<u>1,155,281</u>	<u>1,191,842</u>	<u>36,561</u>
Other Financing Sources (Uses)						
Operating transfers in	1,303,000	1,203,500	(99,500)	369,750	78,702	(291,048)
Operating transfers out	<u>(323,900)</u>	<u>(44,739)</u>	<u>279,161</u>	<u>(1,585,450)</u>	<u>(1,237,463)</u>	<u>347,987</u>
Total other financing sources (uses)	<u>979,100</u>	<u>1,158,761</u>	<u>179,661</u>	<u>(1,215,700)</u>	<u>(1,158,761)</u>	<u>56,939</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(199,972)</u>	<u>(23,377)</u>	<u>176,595</u>	<u>(60,419)</u>	<u>33,081</u>	<u>93,500</u>
Fund balances, beginning	<u>202,264</u>	<u>295,741</u>	<u>93,477</u>	<u>565,846</u>	<u>538,016</u>	<u>(27,830)</u>
Fund balances, ending	<u>\$ 2,292</u>	<u>\$ 272,364</u>	<u>\$270,072</u>	<u>\$ 505,427</u>	<u>\$ 571,097</u>	<u>\$ 65,670</u>

The accompanying notes are an integral part of this statement.

Town of Amite City

**COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS - PROPRIETARY FUND TYPE**

Years Ended June 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
<u>Operating Revenues</u>		
Charges for services -		
Water sales	\$ 217,517	\$ 219,418
Sewer charges	139,146	90,810
Delinquent charges	10,742	10,396
Connection charges	3,975	9,453
Other revenues	<u>2,261</u>	<u>4,765</u>
Total operating revenues	<u>373,641</u>	<u>334,842</u>
<u>Operating Expenses</u>		
Salaries	109,177	82,548
Payroll taxes	8,356	6,593
Electricity -		
Water pumps	53,963	40,483
Sewerage plant	56,952	57,301
Repairs/Supplies -		
Water system	23,762	41,000
Sewerage system	72,772	90,294
Engineer fees	-	10,817
Truck Expense	17,427	14,741
Office expense	5,781	7,374
Dues	4,429	4,464
Sewerage testing	12,541	17,521
Professional fees	3,825	-
Other	4,580	2,326
Fluoridation	-	770
Depreciation	<u>51,056</u>	<u>52,762</u>
Total operating expenses	<u>424,621</u>	<u>428,994</u>
Operating income (loss)	(50,980)	(94,152)
<u>Nonoperating Revenues (Expenses)</u>		
Interest income	5,004	6,017
Interest expense	(633)	-
Loss on abandoned property	-	(171)
Adjustment to customer deposits	<u>-</u>	<u>11,421</u>
Net income (loss)	(46,609)	(76,885)
Retained earnings (deficit), beginning	<u>(256,346)</u>	<u>(179,461)</u>
Retained earnings (deficit), ending	<u><u>\$(302,955)</u></u>	<u><u>\$(256,346)</u></u>

The accompanying notes are an integral part of this statement.

Town of Amite City

STATEMENT OF CASH FLOWS

PROPRIETARY FUND TYPE

Year Ended June 30, 2001

Cash flows from operating activities:

Operating loss \$(50,980)

Adjustments to reconcile net operating loss
to net cash provided by operating activities:

Depreciation \$ 51,056

Increase in accounts receivable (18,905)

Increase in amounts due to other funds 8,840

Decrease in accounts payable (14,223)

Increase in compensated absences payable 1,385

Total adjustments 28,153

Net cash (used) by operating activities (22,827)

Cash flows from noncapital financing activities:

Receipt from non-operating grant proceeds 12,500

Net cash provided by noncapital financing activities 12,500

Cash flows from capital and related financing activities:

Payments for capital acquisitions (226,812)

Transfer from Capital Improvements Fund 216,865

Interest paid (633)

Principal repayments (1,572)

Net cash (used) for capital and related
financing activities (12,152)

Cash flows from investing activities:

Interest income 5,004

Net cash provided by investing activities 5,004

Net cash increase for the year (17,475)

Cash at beginning of year 34,283

Cash at end of year \$ 16,808

The accompanying notes are an integral part of this statement.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

June 30, 2001

INTRODUCTION

The Town of Amite City, Louisiana was first incorporated on March 7, 1861. The Town adopted the provisions of Act 136 enacted on July 29, 1898, and became governed under the Lawrason Act. The Town is governed by an elected Mayor and Councilmen.

The accounting and reporting policies of the Town of Amite City conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513 and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

In April 1984 the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. In November 1984 the GASB issued a codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining the identification of a primary government unit for financial reporting purposes. The GASB has set forth criteria to be considered in determining which governmental entities are primary governments. An entity is a primary government if it satisfies all of the following criteria:

- The entity has a separate governing body elected by the citizenry in a general, popular election.
- The entity is legally separate from other entities.
- The entity is fiscally independent of other state and local governmental entities.

Based on the above criteria the town has determined that the Town of Amite City, Louisiana, is a primary government and financial reporting entity in accordance with GASB Statement No. 14. The Town has also determined that there are no component units that should be considered part of the Town for financial reporting purposes.

NOTES TO FINANCIAL STATEMENTS

June 30, 2001

B. FUND ACCOUNTING

The municipality uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the municipality are classified into three categories: governmental, proprietary, and fiduciary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds

Governmental funds are used to account for all or most of the municipality's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

1. General Fund -- the general operating fund of the Town and accounts for all financial resources except those required to be accounted for in other funds.
2. Special revenue funds -- account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

1. Enterprise funds -- account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town maintains one enterprise fund, the Waterworks and Sewer Fund, which provides water and sewer services.

NOTES TO FINANCIAL STATEMENTS
June 30, 2001

Fiduciary Funds

Fiduciary funds are used to account for assets held on behalf of others. Fiduciary funds include:

1. Agency funds -- account for assets that the municipality holds on behalf of others as their agent. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Governmental Funds

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Revenues are recognized, under the modified accrual basis of accounting, when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Property taxes and interest are susceptible to accrual. Sales taxes collected and held by the parish Central Collection Commission at year end on behalf of the government are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Expenditures

Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgements which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

June 30, 2001

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (and any other financing source/use) are accounted for as other financing sources (uses).

Proprietary Fund

All proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The proprietary fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

Fiduciary Fund

The agency fund is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity.

D. BUDGETS

Formal budgetary accounting is employed as a management control for all governmental funds of the Town. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the General Fund and Special Revenue Funds, and the same basis of accounting is used to reflect actual revenues and expenditures recognized on a generally accepted accounting principles basis. Budgets are prepared and adopted in accordance with the Louisiana Local Government Budget Act. Budgetary control is exercised at the department level for each fund.

All budget appropriations lapse at the end of each fiscal year.

On January 9, 2001, the Town amended the Economic Development Fund budget. This was the only amendment made during the fiscal year.

E. ENCUMBRANCES

The Town does not use encumbrance accounting.

**F. CASH AND CASH EQUIVALENTS
AND INVESTMENTS**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the municipality may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

June 30, 2001

Under state law, the municipality may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost, except for investments in the deferred compensation agency fund, which are reported at market.

G. RECEIVABLES

Receivables are shown net of an allowance for uncollectibles. Uncollectible amounts due for water and sewer charges are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivables. Uncollectible amounts for property taxes and garbage charges are recorded as a reduction of current revenues.

**H. SHORT-TERM INTERFUND
RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as Interfund receivables/payables.

I. RESTRICTED ASSETS

Restricted assets consist of cash resources of the enterprise fund set aside for repayment of customer deposits.

J. FIXED ASSETS

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated cost if historical cost is not available.

Fixed assets used in the proprietary fund operations are included on the balance sheet of the funds net of the accumulated depreciation. Interest costs incurred during construction, if any, are capitalized. Depreciation of all exhaustible fixed assets used by proprietary fund operations is charged as an expense against operations. Depreciation is computed using the straight-line method over the following useful lives:

Water and Sewer Utility -	
Wells	25 years
Storage tanks	40 years
Lines and meters	40 years
Sewerage system	40 years
Equipment	Various

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

June 30, 2001

K. COMPENSATED ABSENCES

The Town has the following policy regarding annual and sick leave.

The earning of such leave shall be based on the equivalent of years of full-time City service and, for an employee having an administration work week of five days, shall be creditable at the end of each month in accordance with, or proportionate to, the following:

- a. Less than one year of service, at the rate of 3.33 hours of annual leave and 4 hours of sick leave per month.
- b. One year but less than ten years of service, at the rate of 6.67 hours of annual leave and 8 hours of sick leave per month.
- c. Ten years or more of service, at the rate of 10 hours annual leave and 8 hours of sick leave per month.

Accrued unused annual leave earned by an employee shall be carried forward to the succeeding fiscal year but not in excess of 240 hours. Accrued unused sick leave earned by an employee shall be carried forward to the succeeding fiscal year without limitation.

Upon termination, all unused annual leave accrued by an employee shall be paid to the terminating employee not to exceed 240 hours. Employees with less than one year of full-time employment are not considered vested for annual leave purposes and any annual leave accrued upon termination shall be canceled.

Employees who resign or who are dismissed from employment shall not be paid for any accrued sick leave and all such leave shall be canceled.

Employees who retire at or after age 60 with at least 10 years of creditable full-time employment or at or after age 55 with at least 30 years of creditable full-time employment are entitled (as an employment benefit) to be paid for unused sick leave computed as follows:

For each year of creditable employment, an employee will be paid at date of retirement unused accrued sick leave at an amount equal to 1.67 percent for each year of creditable employment not to exceed 50 percent of the retiring employee's unused sick leave at date of retirement.

The Town maintains its sick leave records in units of hours (or days). The amount to be paid shall be the percent determined in the preceding paragraph multiplied by the unused sick leave hours at the employee's final-average hourly salary. Final-average hourly salary is the employee's average salary over the last 36 consecutive months at date of retirement. Retirement for this purpose shall be the same as defined by the Municipal Employees' Retirement System of Louisiana.

The cost of current leave privileges, computed in accordance with GASB Statement No. 16, is recognized as a current-year expenditure in the governmental funds when leave is actually taken. The cost of leave privileges not requiring current resources is recorded in the general long-term obligations

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

June 30, 2001

account group. Leave privileges associated with employees of the proprietary fund are recorded as a fund liability and operating expense. No liability is reported for unpaid accumulated sick leave.

L. LONG-TERM OBLIGATIONS

Long-term obligations expected to be financed from governmental funds are reported in the general long-term debt account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due. Long-term obligations expected to be financed from proprietary fund operations are accounted for in those funds.

M. FUND EQUITY

Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds when such resources are restricted for the acquisition or construction of capital assets.

Designated Fund Balances

Designated fund balances represent tentative plans for future use of financial resources.

N. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

O. AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes were levied by the Town in October and billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of Tangipahoa Parish.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

June 30, 2001

P. SALES TAXES

The Town assesses a 2% sales and use tax. The Mayor and Board of Aldermen have dedicated the sales and use tax as follows:

1. The Town Council has dedicated 2.5% of sales and use tax collections to an economic development fund to be used at the discretion of the Town Council.
2. The Town Council has dedicated 12.5% of sales and use tax collections to Tangipahoa Parish Fire Protection District No 1.

Q. COMPARATIVE DATA

Comparative total data for the prior year have been presented in the financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

R. TOTAL COLUMNS ON COMBINED STATEMENTS

Total Columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(2) FUND DEFICITS

The following individual fund had a deficit in retained earnings at June 30, 2001:

<u>Fund</u>	<u>Deficit Amount</u>
Water and Sewer Enterprise Fund	<u>\$(302,955)</u>
Total	<u>\$(302,955)</u>

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

June 30, 2001

(3) REVENUES AND EXPENDITURES - ACTUAL AND BUDGET

The following individual funds had either actual revenues and other sources fail to meet budgeted revenues and other sources or actual expenditures and other uses over budgeted expenditures and other uses for the year ended June 30, 2001:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>	<u>Percent</u>
Revenues:				
General Fund	\$2,220,972	\$2,103,980	\$116,992	5.27%
Sales Tax Fund	1,534,990	1,350,529	184,461	12.02%
Capital Improvements Fund	320,000	34,088	285,912	89.35%
Expenditures:				
Capital Improvements Fund	\$ 195,000	\$ 216,865	\$ 21,865	11.21%

The Louisiana Municipal Budget Law requires a local government to amend its operating budget when the total revenue and other sources fail to meet total budgeted revenues and other sources by 5% or more. Also, amendment is required when total actual expenditures and other uses exceed the total budgeted expenditures and other uses by 5% or more. The Town failed to amend the budgets by an adequate amount for the general fund, capital improvements fund and sales tax fund for the fiscal year ended June 30, 2001.

The over expenditures of the capital improvements fund was funded by available fund balance.

(4) CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents (book balances) at June 30, 2001:

Petty cash	\$ 200
Interest-bearing demand deposits	579,182
Time deposits	<u>50,745</u>
Total	<u>\$630,127</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2001, the Town has \$764,677 in deposits (collected bank balances). These deposits are secured from risk by \$168,464 of federal deposit insurance and \$1,333,597 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

June 30, 2001

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

(5) RECEIVABLES

Receivables at June 30, 2001, consist of the following:

<u>Class of Receivables</u>	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>	<u>Agency</u>	<u>Total</u>
Taxes -					
Franchise	\$25,880	\$ -	\$ -	\$ -	\$ 25,880
Sales	-	52,942	-	-	52,942
Accounts -					
Prisoner housing fees	1,979	-	-	-	1,979
Garbage	27,441	-	-	-	27,441
Water and Sewer	-	-	50,008	-	50,008
Less: Allowance for Uncollectibles	(1,175)	-	(1,325)	-	(2,500)
Other	1,118	-	-	198	1,316
Intergovernmental -					
Beer taxes	4,084	-	-	-	4,084
Motions money	1,070	-	-	-	1,070
Dept. of Motor Vehicles	2,668	-	-	-	2,668
Highway maintenance	2,527	-	-	-	2,527
Grants	1,436	2,485	-	-	3,921
Fire District No. 1	4,866	-	-	-	4,866
Totals	<u>\$71,894</u>	<u>\$55,427</u>	<u>\$48,683</u>	<u>\$ 198</u>	<u>\$176,202</u>

An allowance account for taxes receivable is not considered necessary.

(6) AD VALOREM TAXES

For the year ended June 30, 2001, taxes of 5.67 mills were levied on property with assessed valuations totaling \$15,492,414.

Total taxes levied were \$87,842. Taxes receivable at June 30, 2001, were nil.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

June 30, 2001

(7) RESTRICTED ASSETS - PROPRIETARY FUND TYPE

Restricted assets were applicable to the following at June 30:

	<u>2001</u>	<u>2000</u>
Customers' deposits - cash	<u>\$62,921</u>	<u>\$62,105</u>

(8) FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Balance July 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2001</u>
Land	\$ 286,140	\$ -	\$ -	\$ 286,140
Buildings	702,566	-	-	702,566
Improvements other than buildings	300,914	-	-	300,914
Equipment	711,746	25,659	-	737,405
Total	<u>\$2,001,366</u>	<u>\$25,659</u>	<u>\$ -</u>	<u>\$2,027,025</u>

At June 30, 2001, the investment in general fixed assets is from:

Donations	\$ 235,918
General fund revenues	855,641
Sales tax revenues	559,517
Federal shared revenues	88,976
Federal grants	199,523
State grants	87,450
Total	<u>\$2,027,025</u>

A summary of proprietary property, plant, and equipment follows:

Land - Water	\$ 18,000
Land - Sewer	25,957
Wells	119,000
Storage tanks	211,899
Water lines and meters	521,808
Sewerage system	1,165,073
Equipment	103,357
Sub-total	2,165,094
Less: accumulated depreciation	<u>(905,721)</u>
Net	<u>\$1,259,373</u>

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

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During the fiscal year, the proprietary fund had additions of \$234,199 and no deletions to property, plant, and equipment.

(9) PENSION PLAN

Some of the police department employees of the Town of Amite City are members of the Municipal Police Employees' Retirement System of Louisiana (System). This system is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows:

Municipal Police Employees' Retirement System of Louisiana

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3-1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statement and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town of Amite City is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the Town of Amite City are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Amite City contributions to the System for the years ending June 30, 2001, 2000, and 1999, were \$12,882, \$12,591, and \$13,058, respectively, equal to the required contributions for each year.

(10) DEFERRED COMPENSATION PLAN

The Town of Amite offers its employees two deferred compensation plans created in accordance with Internal Revenue Code 457. One plan is with Jackson National Life Insurance Companies and is available to all Town employees and permits them to defer a portion of their salaries until future years. The Town matches the employees' contribution up to 5% of the eligible employees' salaries. The other plan is with the Delaware Group and permits participants to defer a portion of their salaries until future

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

June 30, 2001

years. At present, the Mayor is the only participant in the Delaware Group plan - no portion of this deferred compensation is paid by the Town.

The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Town (without being restricted to the provisions of benefits under the plans), subject only to the claims of the Town's general creditors. Participants' rights under the plans are equal to those of general creditors of the Town in an amount equal to the fair market value of the deferred account for each participant. The Town believes that it is unlikely that plan assets will be needed to satisfy claims of general creditors that might arise.

As part of its fiduciary role, the Town has an obligation of due care in selecting the third-party administrator. In the opinion of the Town's legal counsel, the Town has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

At June 30, 2001, the Town has assets of \$259,311 in the Jackson National plan, and \$145,354 in the Delaware Group plan. The amounts of total assets of either plan were not available.

(11) RETIREMENT SYSTEM

Employees of the Town are members of the social security system. In addition to employee payroll deductions, Town funds are remitted to match the employee contributions. Aggregate contributions to the social security system for the year ended June 30, 2001, were \$113,312 of which \$56,656 was contributed by the Town.

(12) COMPENSATED ABSENCES

At June 30, 2001, employees of the primary government have accumulated and vested \$42,459 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. Of this amount, \$35,373 is recorded within general long-term obligations account group. The leave liability for employees of the Enterprise Fund, for \$7,086, is accounted for within the fund.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

June 30, 2001

(13) LEASES

The Town has one operating lease of the following nature:

On April 1, 2001, the police department entered into an operating lease with Southeast Business Systems for a copier. The terms are for 36 monthly payments of \$144.00. The lease does not contain an option to purchase.

The minimum future, annual rental payments required under the noncancelable operating lease are:

<u>Fiscal Year</u>	<u>Total</u>
06-30-02	\$1,728
06-30-03	1,728
06-30-04	<u>1,296</u>
	<u>\$4,752</u>

The Town has one capital lease of the following nature:

On November 1, 2000, the Waterworks Fund entered into a capital lease with Cannon for the purchase of a scanner and laser fiche software for \$9,236. The Town recorded this item as an asset and obligation in the accompanying financial statements.

The following is a summary of future minimum lease payments under the capital lease and the present value of the net minimum lease payments as of June 30, 2001:

<u>Fiscal year</u>	<u>Total</u>
06-30-02	\$ 3,613
06-30-03	3,613
06-30-04	<u>1,506</u>
Total Minimum Lease Payments	8,732
Less: Amount Representing Interest	<u>(1,068)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 7,664</u>

(14) CHANGES IN GENERAL LONG-TERM DEBT

The following is a summary of changes in general long-term debt (compensated absences) of the Town for the year ended June 30, 2001:

Compensated Absences -	
Accumulated and vested at July 1, 2000	\$34,167
Net changes for the year	<u>1,206</u>
Accumulated and vested at June 30, 2001	<u>\$35,373</u>

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

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(15) DEDICATION OF PROCEEDS AND FLOW OF FUNDS - SALES AND USE TAX

Proceeds of a 2% sales and use tax levied by the Town (2000 collections \$1,439,837; 2001 \$1,358,374) are dedicated as follows:

1. Provide funds for an economic development fund to be used at the discretion of the Mayor and Board of Aldermen. This funding totals 2.5% of sales and use tax collections.
2. The Town Council has dedicated 12.5% of sales and use tax collections to the Tangipahoa Parish Fire Protection District No. 1.

All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted dedications shall be regarded as surplus and may be used for any lawful corporate purpose.

The Town's sales and use taxes are collected by the Central Collection Commission (CCC) of Tangipahoa Parish. For these services, the Town of Amite City pays to the CCC the following:

1. A monthly charge of .65 percent per month of amounts collected.
2. Out-of-parish travel expenses spent for collection of the tax.
3. All legal fees incurred should litigation become necessary in the collection of applicable taxes.

(16) CHANGES IN AGENCY FUNDS

A summary of changes in assets and liabilities follows:

	<u>Balances at July 1, 2000</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances at June 30, 2001</u>
Assets:				
Bond & Prisoner Funds				
Cash	\$ 2,561	\$ 49	\$ -	\$ 2,610
Receivables	173	25	-	198
Due from other funds	<u>1,713</u>	<u>2,006</u>	<u>-</u>	<u>3,719</u>
	<u>4,447</u>	<u>2,080</u>	<u>-</u>	<u>6,527</u>
Deferred Comp. Plans				
Deposits	<u>408,499</u>	<u>-</u>	<u>(3,834)</u>	<u>404,665</u>
Total Assets	<u>\$412,946</u>	<u>\$2,080</u>	<u>\$(3,834)</u>	<u>\$411,192</u>
Liabilities:				
Due to Plan Participants	\$408,499	\$ -	\$(3,834)	\$404,665
Due to Others	<u>4,447</u>	<u>2,080</u>	<u>-</u>	<u>6,527</u>
Total Liabilities	<u>\$412,946</u>	<u>\$2,080</u>	<u>\$(3,834)</u>	<u>\$411,192</u>

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

June 30, 2001

(17) INTERFUND RECEIVABLES, PAYABLES

Amounts due to or from other funds at June 30, 2001, consisted of the following:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$259,668	\$ 9,524
Special Revenue Funds -		
Economic Development Fund	-	3,639
Arts Council Fund	5,805	-
Enterprise Fund -		
Water and Sewer Fund	-	256,029
Agency Fund -		
Prisoner Money Fund	159	-
Bond Money Fund	3,560	-
Total	<u>\$269,192</u>	<u>\$269,192</u>

(18) DESIGNATED FUND BALANCE

The Mayor and the Town Council contribute one-half of their salaries to be used exclusively for economic development. Effective April 6, 2001, only the Mayor will continue with the one-half salary contribution.

These funds are accounted for in the Economic Development Special Revenue Fund as designated funds.

(19) LITIGATION AND CLAIMS

The following legal actions are currently pending against the Town of Amite City:

Suit # 9700942, Amite Central Railroad Properties, L.L.C. vs. Town of Amite, cumulated with Town of Amite vs. Amite Central Properties, L.L.C. This is the expropriation suit cumulated with the damage suit which has been tried. There will be a hearing shortly to determine the amount of money due by the Town. The Town is being represented by City Attorney, Charles M. Reid.

Suit # 9802217, cumulated with #9900697 Robert Weldon Russell et al vs. Town of Amite City and the Amite City Historical District. No change in status in this suit. It is still at the Court of Appeal. The Town is being defended by its insurer, Risk Management.

Suit # 9803318, Alma Jones vs. Town of Amite City was tried with the verdict being rendered in favor of the city dismissing plaintiff's suit. Plaintiff filed an appeal which is currently pending. The Town is being defended by its insurer, Risk Management.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

June 30, 2001

Suit # 9903621, Jesse Harrell McClendon, Jr. et al vs. United Investment Corporation and the Town of Amite City. No change in the status in this matter. The Town is being defended by its insurer, Risk Management.

Suit # 2000-0002421, Stuart Murphy vs. Bobby R. Robertson and the Town of Amite City (Bobby Phares). This is a petition for damages arising out of a motor vehicle wreck. The Town is being defended by its insurer, Risk Management.

Suit # 2001-0000805, Michael C. Cook, et ux vs. Canadian National Railroad, et al. This is a Petition for Damages arising out of a train wreck. This Town is being defended by its insurer, Risk Management.

Suit # 2001-3267, Jessica Hayden vs. Illinois Central Railroad and the Town of Amite City. This is a suit for damages arising out of a motor vehicle accident. The Town is being defended by its insurer, Risk Management.

An employee of the Town has filed a discrimination claim with EEOC. An investigation is being performed by EEOC.

Accrual of the loss contingencies listed above has not been recorded in the financial statements as responsibility has not been determined and the possible loss or range of loss for each legal action cannot be reasonably estimated.

Claims and litigation costs of \$9,112 were paid in the current year and recorded as a current-year expenditure in the General Fund.

(20) COMPENSATION PAID MAYOR, CHIEF OF POLICE,
AND TOWN COUNCIL

Amounts paid to the Mayor, Chief of Police, and members of the Town Council for compensation are as follows:

R.E. Goldsby, M.D., Mayor	\$ 5,400
Parker Gabriel, Jr., Chief of Police	36,100
<u>Town Council</u>	
Buddy Bel	3,300
Samuel C. Hyde	3,375
Lee Schilling, Jr.	1,350
Jonathon Foster	3,225
Thaddeus Richardson	1,350
V.J. Adams	2,025
Walter Daniels	2,025
	<u>\$58,150</u>

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

June 30, 2001

(21) ON BEHALF PAYMENTS BY STATE OF LOUISIANA

For the year ended June 30, 2001, the State of Louisiana made on behalf payments in the form of supplemental pay to the Town of Amite's policemen and fireman. In accordance with GASB 24, the Town has recorded \$49,650 of on behalf payments as revenue and as expense in the General Fund.

(22) RISK MANAGEMENT

The Town of Amite City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town attempts to minimize risk from significant losses through the purchase of commercial insurance.

(23) CHANGES IN CONTRIBUTED CAPITAL

The following is a summary of changes in contributed capital of the Town for the year ended June 30, 2001:

Balance at July 1, 2000	\$1,120,474
Additions:	
Transfer from Capital Improvements Fund to purchase filters	216,865
Grant Proceeds from LA Rural Development	<u>10,651</u>
Balance at June 30, 2001	<u>\$1,347,990</u>

(24) RESTATED FUND BALANCES

The beginning fund balance of the Capital Improvements Fund has been restated to reflect the residual equity transfer to the Waterworks and Sewer Fund to the June 30, 2000, balances:

Fund Balance at June 30, 2000	\$ 413,326
Residual equity transfer to the Waterworks and Sewer Fund	<u>(216,865)</u>
Fund Balance at June 30, 2000, as restated	<u>\$ 196,461</u>

(25) GASB 33 AND GASB 34 IMPLEMENTATION

The GASB issued Statement Number 33, Accounting and Financial Reporting for Nonexchange Transactions, in December of 1998. The provisions for the pronouncement are effective for financial statements for periods beginning after June 15, 2000. The effects on the Town's

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

June 30, 2001

financial statements are not known at this time; however, the pronouncement will be implemented for the fiscal year ending December 31, 2001.

The GASB issued Statement Number 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, in June of 1999. The date of implementation is effective in three phases based on a government's total annual revenues in the first fiscal year ending after June 15, 1999 (earlier application is encouraged). The Town of Amite's total annual revenues were less than \$10 million in the fiscal year ending June 30, 2001; therefore, the Town of Amite is (phase 3) required to implement the provisions for the pronouncement for financial statements for the period beginning after June 15, 2003. GASB Statement Number 34 establishes a new governmental financial reporting model that will feature, among other significant changes, management discussion and analysis, a unique combination of fund-based and government wide financial statements, required supplementary information, accounting for infrastructure assets, and accounting for the depreciation of infrastructure assets. The effects on the Town's financial statement are not known at this time; however, the pronouncement will be implemented for the fiscal year ending June 30, 2004, if not implemented earlier.

(26) SUBSEQUENT EVENTS

Subsequent to June 30, 2001, the following events occurred:

- a) The Town was awarded a grant in the amount of \$6,500 to renovate the restrooms in City Hall.
- b) The Town entered into a cemetery maintenance contract with Nick Mason for one year at \$35,750.
- c) The Town was awarded a grant in the amount of \$133,000 for Highway 16 sidewalk renovations.
- d) The Town has committed itself to \$190,000 in water, sewer, and other structural improvements to the Industrial park for the Multi-Purpose Agricultural Facility. The facility has received state funding.
- e) The Town accepted the low bid of \$135,780 from B & K Underground, Inc. for the Highway 16 Sewer Improvement.
- f) The Town passed Ordinance No. 10-2001 - Impose an Impact Fee on certain Highway 16 Properties. The fee is as follow: \$79,000 for the Tangipahoa Parish School System, \$10,141.34 for Amite City Ford and the Colonial Inn, \$42.33 per front foot for new developments.

SUPPLEMENTAL INFORMATION SCHEDULES

General Fund

The general fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

Town of Amite City
General Fund
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2001
With Comparative Actual Amounts for Year Ended June 30, 2000

	<u>2001</u>		<u>Variance</u>	<u>2000</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>	<u>Actual</u>
<u>Revenues</u>				
Taxes -				
Ad valorem	\$ 89,000	\$ 91,898	\$ 2,898	\$ 88,564
Public utilities franchise	108,600	135,547	26,947	105,513
Licenses and permits -				
Occupational licenses	200,000	199,731	(269)	194,899
Chain store licenses	3,000	3,652	652	2,808
Permits	6,800	4,187	(2,613)	11,640
Intergovernmental -				
Tobacco taxes	-	-	-	21,517
Beer taxes	13,000	8,199	(4,801)	14,506
Parish grant - police	9,078	9,000	(78)	8,997
Parish grant - tourism	-	1,685	1,685	-
State grant - police	4,100	3,561	(539)	1,112
State grant - main street	14,450	5,750	(8,700)	8,000
State grant - landscaping	2,904	1,745	(1,159)	-
Federal grant	34,200	-	(34,200)	14,540
State highway maintenance	-	5,054	5,054	5,053
Motions money	6,000	10,212	4,212	-
Department of Motor Vehicles	18,000	21,890	3,890	20,702
Fines	37,000	22,275	(14,725)	28,753
Charges for services -				
Garbage fees	274,800	268,344	(6,456)	268,085
Prisoner housing fees	18,000	16,222	(1,778)	22,214
On behalf payments by state	45,340	49,650	4,310	45,340
Miscellaneous revenues -				
Cemetery - sale of lots	17,000	25,400	8,400	17,860
Rentals	10,000	11,093	1,093	9,840
Interest	4,000	1,759	(2,241)	2,550
Miscellaneous	2,700	3,626	926	5,526
Total revenues	<u>917,972</u>	<u>900,480</u>	<u>(17,492)</u>	<u>898,019</u>
<u>Expenditures</u>				
Current -				
General government	651,900	730,856	(78,956)	592,986
Public safety - police	509,000	529,743	(20,743)	520,757
Public safety - fire	19,156	18,410	746	18,466
Streets	539,358	462,106	77,252	445,943
Sanitation	156,000	131,690	24,310	140,729
Community Center	20,500	22,242	(1,742)	23,023
Cemetery	65,030	68,520	(3,490)	63,121
Parks and recreation	54,800	56,975	(2,175)	76,548
Intergovernmental (DMV)	10,100	13,327	(3,227)	8,316
Miscellaneous	31,000	26,414	4,586	26,237
Main Street	40,200	22,335	17,865	32,944
Total expenditures	<u>2,097,044</u>	<u>2,082,618</u>	<u>14,426</u>	<u>1,949,070</u>

(Continued)

Town of Amite City
General Fund

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2001
With Comparative Actual Amounts for Year Ended June 30, 2000

	<u>2001</u>		<u>Variance</u>	<u>2000</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>	<u>Actual</u>
Excess (deficiency) of revenues over expenditures	<u>\$(1,179,072)</u>	<u>\$(1,182,138)</u>	<u>\$ (3,066)</u>	<u>\$(1,051,051)</u>
<u>Other Financing Sources (Uses)</u>				
Operating transfers in:				
Sales Tax Fund	1,303,000	1,203,500	(99,500)	1,329,000
Operating transfers out:				
Economic Development Fund	(18,900)	(15,225)	3,675	(18,750)
Capital Improvement Fund	(305,000)	(18,750)	286,250	(225,000)
Arts Council Fund	<u>-</u>	<u>(10,764)</u>	<u>(10,764)</u>	<u>(9,119)</u>
Total other financing sources (uses)	<u>979,100</u>	<u>1,158,761</u>	<u>179,661</u>	<u>1,076,131</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(199,972)</u>	<u>(23,377)</u>	<u>176,595</u>	<u>25,080</u>
Fund balance, beginning	<u>202,264</u>	<u>295,741</u>	<u>93,477</u>	<u>270,661</u>
Fund balance, ending	<u>\$ 2,292</u>	<u>\$ 272,364</u>	<u>\$270,072</u>	<u>\$ 295,741</u>

(Concluded)

Town of Amite City
General Fund
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
Year Ended June 30, 2001
With Comparative Actual Amounts for Year Ended June 30, 2000

	<u>2001</u>		<u>Variance</u>	<u>2000</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>	<u>Actual</u>
<u>General Government</u>				
Salaries - Mayor and Council	\$ 18,900	\$ 22,050	\$ (3,150)	\$ 18,750
Salaries - Clerical	83,300	82,214	1,086	79,406
Retirement contributions	17,000	15,355	1,645	14,870
Employee benefits	141,500	250,282	(108,782)	146,693
Payroll taxes	58,000	64,111	(6,111)	56,656
Attorney	20,000	9,113	10,887	3,175
Accounting services	5,500	4,140	1,360	4,950
Audit	20,500	20,500	-	20,500
Engineer fees	10,000	6,976	3,024	328
Insurance (all funds)	155,000	155,512	(512)	153,464
Office expense	15,000	14,926	74	20,267
Official journal	7,000	9,183	(2,183)	5,443
City Hall utilities	11,000	9,308	1,692	9,133
City Hall telephones	7,500	7,351	149	7,208
City Hall maintenance	17,000	1,827	15,173	6,947
Dues	3,500	4,027	(527)	2,886
Assessor and tax roll	2,500	2,580	(80)	2,580
Election	-	2,990	(2,990)	-
Public relations	200	150	50	-
Convention expense	2,500	1,730	770	1,851
Medical expense	500	337	163	734
Miscellaneous	6,000	8,589	(2,589)	7,695
Equipment acquisitions	5,000	14,089	(9,089)	2,838
Contract services	600	554	46	4,590
Magistrate judge	7,200	7,200	-	7,200
Litter program	14,300	12,762	1,538	14,822
Janitorial - City Hall	2,400	3,000	(600)	-
Pending litigation	20,000	-	20,000	-
Total General Government	<u>\$651,900</u>	<u>\$730,856</u>	<u>\$ (78,956)</u>	<u>\$592,986</u>
<u>Public Safety - Police</u>				
Salaries	\$342,100	\$362,370	\$ (20,270)	\$328,584
On behalf payments by state	42,600	46,050	(3,450)	41,740
Retirement contributions	14,000	12,882	1,118	12,591
Auto fuel	17,000	19,381	(2,381)	15,860
Auto repairs	20,000	18,628	1,372	18,970
Uniforms	11,000	7,385	3,615	7,988
Repairs and maintenance	20,000	10,508	9,492	17,033
Prisoner expense	10,000	7,038	2,962	8,442
Office expense	10,000	19,730	(9,730)	17,620
Schools - conventions	1,500	676	824	959
Utilities	16,000	19,775	(3,775)	17,377
Equipment rent	1,800	1,548	252	1,488
Equipment acquisitions	3,000	3,772	(772)	32,105
Total Public Safety - Police	<u>\$509,000</u>	<u>\$529,743</u>	<u>\$ (20,743)</u>	<u>\$520,757</u>
(Continued)				

Town of Amite City
General Fund

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)

Year Ended June 30, 2001

With Comparative Actual Amounts for the Year Ended June 30, 2000

	<u>2001</u>		<u>Variance Favorable (Unfavorable)</u>	<u>2000 Actual</u>
	<u>Budget</u>	<u>Actual</u>		
<u>Public Safety - Fire</u>				
Salaries	\$14,644	\$ 14,810	\$ (166)	\$ 14,644
On behalf payments by state	3,600	3,600	-	3,600
Retirement	912	-	912	222
Total Public Safety - Fire	<u>\$19,156</u>	<u>\$ 18,410</u>	<u>\$ 746</u>	<u>\$ 18,466</u>
<u>Streets</u>				
Salaries	\$182,700	\$217,163	\$(34,463)	\$167,077
Street and traffic lights	68,000	72,953	(4,953)	63,404
Equipment fuel	9,000	9,354	(354)	7,391
Equipment repairs	55,000	43,079	11,921	58,981
Landfill	27,000	25,184	1,816	22,116
Materials and supplies	110,000	67,693	42,307	110,431
Uniforms	10,000	9,006	994	-
Utilities	6,000	6,937	(937)	6,730
Drainage	10,000	4,659	5,341	6,460
Equipment acquisitions	20,000	2,588	17,412	3,353
Tree trimming	5,808	3,490	2,318	-
Interstate landscaping	35,850	-	35,850	-
Total Street	<u>\$539,358</u>	<u>\$462,106</u>	<u>\$ 77,252</u>	<u>\$445,943</u>
<u>Sanitation</u>				
Salaries	\$ 36,000	\$ 30,459	\$ 5,541	\$ 35,714
Equipment repairs and supplies	58,000	41,083	16,917	48,680
Fuel	9,000	10,723	(1,723)	8,245
Landfill	53,000	49,425	3,575	48,090
Total Sanitation	<u>\$156,000</u>	<u>\$131,690</u>	<u>\$ 24,310</u>	<u>\$140,729</u>
<u>Community Center</u>				
Salaries	\$ -	\$ 4,619	\$ (4,619)	\$ -
Utilities	10,500	9,305	1,195	10,154
Repairs and supplies	10,000	8,318	1,682	12,869
Total Community Center	<u>\$ 20,500</u>	<u>\$ 22,242</u>	<u>\$ (1,742)</u>	<u>\$ 23,023</u>
<u>Cemetery</u>				
Salaries	\$ 13,980	\$ 15,358	\$ (1,378)	\$ 8,640
Contract services	32,400	32,400	-	35,750
Materials and supplies	18,000	16,650	1,350	17,794
Utilities	650	685	(35)	616
Fuel	-	818	(818)	321
Equipment acquisitions	-	2,609	(2,609)	-
Total Cemetery	<u>\$ 65,030</u>	<u>\$ 68,520</u>	<u>\$ (3,490)</u>	<u>\$ 63,121</u>

(Continued)

Town of Amite City
General Fund

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)

Year Ended June 30, 2001

With Comparative Actual Amounts for the Year Ended June 30, 2000

	<u>2001</u>		<u>Variance Favorable (Unfavorable)</u>	<u>2000 Actual</u>
	<u>Budget</u>	<u>Actual</u>		
<u>Parks and Recreation</u>				
Salaries	\$34,000	\$29,184	\$ 4,816	\$35,372
Equipment fuel	1,800	1,488	312	1,614
Repairs and supplies	10,000	18,130	(8,130)	29,003
Utilities	6,000	7,419	(1,419)	6,557
Equipment acquisitions	2,000	754	1,246	1,918
Police contract service	500	-	500	-
I-55/Highway 16 Project	-	-	-	2,084
Miscellaneous	500	-	500	-
Total Parks and Recreation	<u>\$54,800</u>	<u>\$56,975</u>	<u>\$(2,175)</u>	<u>\$76,548</u>
<u>Intergovernmental (DMV)</u>				
Maintenance and utilities	<u>\$10,100</u>	<u>\$13,327</u>	<u>\$(3,227)</u>	<u>\$ 8,316</u>
Total Intergovernmental (DMV)	<u>\$10,100</u>	<u>\$13,327</u>	<u>\$(3,227)</u>	<u>\$ 8,316</u>
<u>Miscellaneous Programs</u>				
Parish service officer	\$ 700	\$ 684	\$ 16	\$ 684
Coroner	6,000	6,568	(568)	5,711
Senior citizens	7,000	7,986	(986)	7,771
Planning and zoning	500	590	(90)	490
Animal shelter	9,300	8,220	1,080	9,300
Nongrant - Trees and Landscaping	5,000	1,778	3,222	14
Chamber of Commerce	2,500	588	1,912	2,267
Total Miscellaneous Programs	<u>\$31,000</u>	<u>\$26,414</u>	<u>\$ 4,586</u>	<u>\$26,237</u>
<u>Main Street</u>				
Main Street manager salary	\$23,600	\$18,200	\$ 5,400	\$21,600
Main Street expenses	8,600	4,135	4,465	3,344
Facade grant expense	8,000	-	8,000	8,000
Total Main Street	<u>\$40,200</u>	<u>\$22,335</u>	<u>\$17,865</u>	<u>\$32,944</u>

(Concluded)

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Sales Tax Fund - This fund is used to account for the receipt and use of proceeds of the Town's 2% sales and use tax.

The Town Council has dedicated a portion of collections of the sales and use tax as follows:

1. 2.5% of sales and use tax collections to the Economic Development Fund.
2. 12.5% of sales and use tax collections to Tangipahoa Parish Fire Protection District No 1.

Economic Development Fund - This fund is used to account for the receipt and expenditure of funds dedicated to economic development.

Capital Improvements Funds - This fund is used to account for the receipt and expenditure of funds dedicated to capital improvements.

Arts Council Fund - This fund is used to account for the receipt and expenditure of funds dedicated to developing the arts and humanities in the Town.

Town of Amite City
Special Revenue Funds

COMBINING BALANCE SHEET

June 30, 2001

With Comparative Totals for June 30, 2000

	<u>Sales Tax</u>	<u>Economic Development</u>	<u>Capital Improvements</u>	<u>Arts Council</u>	<u>Totals</u>	
					<u>2001</u>	<u>2000</u>
<u>ASSETS</u>						
Cash	\$ 2,100	\$289,912	\$229,686	\$ 9,339	\$531,037	\$661,589
Sales tax receivable	52,942	-	-	-	52,942	112,202
Due from other funds -						
Sales Tax Fund	-	-	-	-	-	2,845
General Fund	-	-	-	5,805	5,805	1,154
Grant receivable	-	2,485	-	-	2,485	-
Total Assets	<u>\$55,042</u>	<u>\$292,397</u>	<u>\$229,686</u>	<u>\$15,144</u>	<u>\$592,269</u>	<u>\$777,790</u>
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts payable	\$ -	\$ 800	\$ -	\$ -	\$ 800	\$ 2,400
Contracts payable	-	2,616	-	-	2,616	-
Due to other governmental units	14,117	-	-	-	14,117	14,025
Due to General Fund	-	3,639	-	-	3,639	3,639
Due to Economic Development Fund	-	-	-	-	-	2,845
Total Liabilities	<u>14,117</u>	<u>7,055</u>	<u>-</u>	<u>-</u>	<u>21,172</u>	<u>22,909</u>
<u>Fund Balances</u>						
Unreserved						
- designated	-	100,350	-	-	100,350	85,125
- undesignated	40,925	184,992	229,686	15,144	470,747	669,756
Total Fund Balances	<u>40,925</u>	<u>285,342</u>	<u>229,686</u>	<u>15,144</u>	<u>571,097</u>	<u>754,881</u>
Total Liabilities and Fund Balances	<u>\$55,042</u>	<u>\$292,397</u>	<u>\$229,686</u>	<u>\$15,144</u>	<u>\$592,269</u>	<u>\$777,790</u>

Town of Amite City
Special Revenue Funds

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2001

With Comparative Totals for Year Ended June 30, 2000

	<u>Sales Tax</u>	<u>Economic Development</u>	<u>Capital Improvements</u>	<u>Arts Council</u>	<u>Totals</u>
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>	<u>2000</u>
<u>REVENUES</u>					
Taxes	\$ 1,358,374	\$ -	\$ -	\$ -	\$ 1,358,374
Interest	984	13,463	15,338	428	30,213
Federal grant	-	34,927	-	-	34,927
Miscellaneous	-	-	-	863	863
Total revenues	<u>1,359,358</u>	<u>48,390</u>	<u>15,338</u>	<u>1,291</u>	<u>1,424,377</u>
					<u>1,474,867</u>
<u>Expenditures</u>					
General government	8,829	-	863	-	9,692
Public safety - fire	168,693	-	-	-	168,693
Economic development	-	50,263	-	-	50,263
Art development	-	-	-	3,887	3,887
Total expenditures	<u>177,522</u>	<u>50,263</u>	<u>863</u>	<u>3,887</u>	<u>232,535</u>
					<u>199,732</u>
Excess (deficiency) of revenues over expenditures	1,181,836	(1,873)	14,475	(2,596)	1,191,842
					1,275,135
<u>Other Financing Sources (Uses)</u>					
Operating transfers in	-	49,188	18,750	10,764	78,702
Operating transfers out	<u>(1,237,463)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,237,463)</u>
					288,631
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(55,627)	47,315	33,225	8,168	33,081
					199,004
Fund balances, beginning	<u>96,552</u>	<u>238,027</u>	<u>196,461 *</u>	<u>6,976</u>	<u>538,016</u>
					555,877
Fund balances, ending	<u>\$ 40,925</u>	<u>\$285,342</u>	<u>\$229,686</u>	<u>\$15,144</u>	<u>\$ 754,881</u>

* Restated

Town of Amite City
Special Revenue Fund
Sales Tax Fund

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2001
With Comparative Actual Amounts for Year Ended June 30, 2000

	<u>2001</u>			
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2000 Actual</u>
<u>Revenues</u>				
Taxes - Sales taxes	\$ 1,540,000	\$ 1,358,374	\$(181,626)	\$1,439,837
Interest	5,000	984	(4,016)	4,257
Total revenues	<u>1,545,000</u>	<u>1,359,358</u>	<u>(185,642)</u>	<u>1,444,094</u>
<u>Expenditures</u>				
General government -				
Collection fees	10,010	8,829	1,181	9,359
Public safety -				
Fire Protection District No. 1	<u>191,249</u>	<u>168,693</u>	<u>22,556</u>	<u>178,810</u>
Total expenditures	<u>201,259</u>	<u>177,522</u>	<u>23,737</u>	<u>188,169</u>
Excess of revenues over expenditures	<u>1,343,741</u>	<u>1,181,836</u>	<u>(161,905)</u>	<u>1,255,925</u>
<u>Other Financing (Uses)</u>				
Operating transfers out:				
General Fund	(1,303,000)	(1,203,500)	99,500	(1,329,000)
Economic Development Fund	(37,450)	(33,963)	3,487	(35,762)
Water Works Fund	<u>(50,000)</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Total other financing uses	<u>(1,390,450)</u>	<u>(1,237,463)</u>	<u>152,987</u>	<u>(1,364,762)</u>
Excess (deficiency) of revenues over expenditures and other financing uses	(46,709)	(55,627)	(8,918)	(108,837)
Fund balance, beginning	<u>47,403</u>	<u>96,552</u>	<u>49,149</u>	<u>205,389</u>
Fund balance, ending	<u>\$ 694</u>	<u>\$ 40,925</u>	<u>\$ 40,231</u>	<u>\$ 96,552</u>

Town of Amite City
Special Revenue Fund
Economic Development Fund

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2001
With Comparative Actual Amounts for Year Ended June 30, 2000

	<u>2001</u>		<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>2000</u> <u>Actual</u>
	<u>Budget</u>	<u>Actual</u>		
<u>Revenues</u>				
Interest	\$ 6,000	\$ 13,463	\$ 7,463	\$ 4,228
Federal grant	-	34,927	34,927	-
Miscellaneous	500	-	(500)	-
Total revenues	<u>6,500</u>	<u>48,390</u>	<u>41,890</u>	<u>4,228</u>
<u>Expenditures</u>				
Ag facility	190,000	-	190,000	-
Chamber of Commerce	7,200	8,400	(1,200)	7,200
TEDF dues	3,360	4,898	(1,538)	375
Miscellaneous	1,000	200	800	575
Landscaping	-	36,765	(36,765)	-
Total expenditures	<u>201,560</u>	<u>50,263</u>	<u>151,297</u>	<u>8,150</u>
Excess (deficiency) of revenues over expenditures	<u>(195,060)</u>	<u>(1,873)</u>	<u>193,187</u>	<u>(3,922)</u>
<u>Other Financing Sources</u>				
Operating transfers in:				
Sales Tax Fund	37,450	33,963	(3,487)	35,762
General Fund	18,900	15,225	(3,675)	18,750
Total other financing sources	<u>56,350</u>	<u>49,188</u>	<u>(7,162)</u>	<u>54,512</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>(138,710)</u>	<u>47,315</u>	<u>186,025</u>	<u>50,590</u>
Fund balance, beginning	<u>237,523</u>	<u>238,027</u>	<u>504</u>	<u>187,437</u>
Fund balance, ending	<u>\$ 98,813</u>	<u>\$285,342</u>	<u>\$186,529</u>	<u>\$238,027</u>

Town of Amite City
Special Revenue Fund
Capital Improvements Fund

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2001
With Comparative Actual Amounts for Year Ended June 30, 2000

	<u>2001</u>		<u>Variance</u>	<u>2000</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>	<u>Actual</u>
<u>Revenues</u>				
Interest	\$ 15,000	\$ 15,338	\$ 338	\$ 25,275
<u>Expenditures</u>				
Engineering	<u>-</u>	<u>863</u>	<u>(863)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>15,000</u>	<u>14,475</u>	<u>(525)</u>	<u>25,275</u>
<u>Other Financing Sources (Uses)</u>				
Operating transfers in:				
General Fund	305,000	18,750	(286,250)	225,000
Operating transfers out:				
Water Works Fund	<u>(195,000)</u>	<u>-</u> *	<u>195,000</u>	<u>-</u>
Total other financing sources (uses)	<u>110,000</u>	<u>18,750</u>	<u>(91,250)</u>	<u>225,000</u>
Excess (deficiency) of revenues and other financing sources over expenditures	125,000	33,225	(91,775)	250,275
Fund balance, beginning, restated	<u>280,920</u>	<u>196,461</u>	<u>(84,459)</u>	<u>163,051</u>
Fund balance, ending	<u>\$ 405,920</u>	<u>\$ 229,686</u>	<u>\$(176,234)</u>	<u>\$413,326</u>

* There was a residual equity transfer in the amount of \$216,865 made during the fiscal year.

Town of Amite City
Special Revenue Fund
Arts Council Fund

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2001
With Comparative Actual Amounts for Year Ended June 30, 2000

	<u>2001</u>		<u>Variance</u>	<u>2000</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>	<u>Actual</u>
<u>Revenues</u>				
Interest	\$ -	\$ 428	\$ 428	\$ 143
Miscellaneous	-	863	863	1,127
Total revenues	-	1,291	1,291	1,270
<u>Expenditures</u>				
Art Development	8,400	3,887	4,513	3,413
Total expenditures	8,400	3,887	4,513	3,413
Excess (deficiency) of revenues over expenditures	(8,400)	(2,596)	5,804	(2,143)
<u>Other Financing Sources</u>				
Operating transfers in:				
General Fund	8,400	10,764	2,364	9,119
Total other financing sources	8,400	10,764	2,364	9,119
Excess (deficiency) of revenues and other financing sources over expenditures -	-	8,168	8,168	6,976
Fund balance, beginning	-	6,976	6,976	-
Fund balance, ending	\$ -	\$15,144	\$15,144	\$6,976

**OTHER INDEPENDENT AUDITOR'S REPORT
AND FINDINGS**



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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Mayor Reggie Goldsby and
Members of the Town Council
Town of Amite City
Amite, Louisiana

I have audited the general purpose financial statements of the Town of Amite City, Louisiana, as of and for the year ended June 30, 2001, and have issued my report thereon dated October 26, 2001. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of Amite City, Louisiana's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-2, 2001-3, 2001-4, 2001-5, 2001-6, 2001-7, 2001-8, 2001-9 and 2001-10.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Town of Amite City, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating

to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the Town of Amite City, Louisiana's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2001-1, 2001-2, 2001-6, 2001-7, and 2001-9.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I consider item 2001-1 to be a material weakness.

I also noted certain matters involving the internal control structure and its operation that I have reported to the management of the Town of Amite City in a separate letter dated October 26, 2001.

This report is intended for the information of the governing council, management, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.



Certified Public Accountant

October 26, 2001

Town of Amite City
Schedule of Findings
Year Ended June 30, 2001

SECTION I - SUMMARY OF AUDITOR'S RESULTS

I have audited the financial statements of the Town of Amite City as of and for the year ended June 30, 2001, and have issued my report thereon dated October 26, 2001. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2001, resulted in an unqualified opinion.

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

Material weaknesses identified? X yes no

Reportable conditions identified not
considered to be material weaknesses? X yes none reported

Noncompliance material to financial
statements noted? X yes no

SECTION II - FINANCIAL STATEMENT FINDINGS

This section is used to identify the reportable conditions, material weaknesses, and instances of noncompliance related to the financial statements required to be reported under *Government Auditing Standards* (GAGAS).

Finding

2001-1 Lack of segregation of duties

The town clerk is the sole employee involved in the recording, processing, summarizing, and reporting of the town's financial data.

An adequate system of internal control requires an appropriate segregation of duties consistent with control objectives. This deficiency could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with management's objectives.

Town of Amite City
Schedule of Findings - Continued

Recommendation - The limited size of the Town precludes an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial. No change is recommended.

Management's Response - Management concurs with the auditor's recommendation. No action to be taken.

2001-2 Local Government Budget Act Violations

The Town of Amite City did not amend its budgets as required by the Local Government Budget Act.

Louisiana Revised Statute (R.S.) 39:1310-13 requires the Town to amend its budget when actual revenues and other sources fail to meet budgeted revenues and other sources and/or actual expenditures and other uses exceed budgeted expenditures and other uses by 5% or more.

The Town failed to amend the budgets of the following funds by adequate amounts:

<u>Fund</u>	<u>Unfavorable Variance</u>	<u>Percent</u>
Revenues/Other Sources		
General Fund	\$116,992	5.27%
Sales Tax Fund	184,461	12.02%
Capital Improvements Fund	285,912	89.35%
Expenditures:		
Capital Improvements Fund	21,865	11.21%

These budget deficiencies place the Town in noncompliance with the Local Government Budget Act and also reduces the effectiveness of the Town's budgetary controls.

Recommendation - The Town should monitor its financial statements at least quarterly and amend the budget as needed.

Management's Response - Management concurs with the auditor's recommendation and is currently monitoring the financial statements quarterly and will amend the budgets as needed.

Town of Amite City
Schedule of Findings - Continued

2001-3 Public Bid Law Violations

The Town violated the public bid law because bid requests failed to meet the requirements.

Louisiana R. S. 38:2212 requires that the purchase of individual items or reoccurring charges of \$7,500 or more, but less than \$15,000 shall be made by obtaining not less than three telephone or facsimile quotations.

Also provided for in this same statute are the requirements for contracts for public works by publicly-owned utilities. Contracts that exceed \$10,000 or more, but less than \$100,000 shall have written invitations for quotations sent to at least five bona fide, qualified bidders.

- 1) The Town entered into a capital-lease to purchase a Canon Scanner and Laser fiche software for \$9,236.00. The Town failed to receive the three telephone or facsimile quotations.
- 2) The Town entered into a contract in the amount of \$17,950 for the construction of a new water main on Highway 16. (This is a public works project.) The Town failed to send written invitations for quotations to at least five bona fide, qualified bidders.

Recommendation - The Mayor should instruct personnel in charge of purchasing to obtain a copy of the Public Bid Law, become familiar with it, and comply with it.

Management's Response - Mayor concurs with auditor's recommendation and will instruct his staff to comply with it.

2001-4 Debt Incurred Without Approval

The Town incurred long-term debt without obtaining State Bond Commission consent and approval as required by Louisiana law.

Louisiana R.S. 39:1410.60 (A) provides that municipalities cannot borrow money or incur debt without the consent and approval of the State Bond Commission.

The Town entered into a 36 month capital - lease with Canon to purchase a scanner and Laser fiche software. The lease agreement did not include a non-appropriations clause. The Town failed to obtain permission from the State Bond Commission to incur debt that extended beyond the current fiscal year.

Recommendation - The Mayor should require administrative personnel in charge of contracting and incurring debt to become knowledgeable with Louisiana law for all future borrowing of money or incurring of debt.

Town of Amite City
Schedule of Findings - Continued

Management's Response - Mayor concurs with auditor's recommendation and will instruct his staff to comply with it.

2001-5 1974 Louisiana Constitution, Article VII, Section 14 Violation

The Arts Council made a \$700 donation to an individual to attend a music school.

Article VII, Section 14 of the 1974 Louisiana Constitution states that the funds, credit, property, or things of value of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

Recommendation - The town clerk should meet with the Arts Council and explain the proper use of public funds. The town clerk should review all expenditures for propriety before payment.

Management's Response - Mayor will instruct the town clerk to comply with the auditor's recommendation.

2001-6 Daily Deposit Requirement Violation

The police department failed to deposit cash received from defendants as bond payments on a timely basis.

Louisiana Revised Statute, Section 39:1212 requires all funds to be deposited daily, whenever practicable.

Personnel with the police department failed to comply with daily deposit of funds requirements even though they were made aware of the daily deposit rule by the auditor in prior audits. This is an internal control deficiency and a reportable condition.

Recommendation -The Chief of Police should monitor his designated person in charge of making the deposits to insure that the daily deposit requirement is complied with.

Management's Response - Mayor has requested that the Chief of Police comply with the auditor's recommendation.

Town of Amite City
Schedule of Findings - Continued

2001-7 Traffic citations - not issued or reported in accordance with State law;
- possible improper dismissal thereof

Louisiana Revised Statute 32:398.1 requires traffic enforcement agencies in this State to issue traffic citations in quadruplicate form. In addition, R.S. 32:398.2 provides that it is unlawful for any traffic enforcement officer or any other officer or public employee to dispose of a traffic citation. Also, R.S. 32:393 requires that the municipality keep a full report of every case in which a person is charged with a traffic violation, other than a parking violation, and send the report to the Louisiana Department of Public Safety (DPS).

It has been a long standing practice of the Amite police department to use traffic citations that are triplicate in form, which is a violation of state law. As a result of this practice, the Town is not submitting the traffic violation report to the DPS. Failure to report these violations to DPS result in inaccuracies in the offender's driving records and is a violation of the state law.

Another deficiency that exists is the Town's failure to collect all the fine money upon "Final" disposition of the traffic citation. There is no evidence that the Town follows up on collection of the "partial-payment fines" and the Town is not filing the appropriate form with DPS to request that the offender's drivers license be suspended for failure to pay the fine.

There is evidence that traffic citations may have been dismissed (voided) improperly according to Attorney General Opinion No. 95-135.

Recommendation - The Chief of Police needs to comply with state law by using traffic citations printed in quadruplicate form. The Chief should inform personnel in charge of the traffic violation records and collection of fine money that they must comply with state law in regards to the reports to be issued to DPS and follow-up on collection of unpaid traffic fines. The Chief of Police should seek a legal determination as to who has the authority to dismiss or void a traffic citation.

Management's Response - Mayor discussed this finding with the Chief of Police who has agreed to work toward compliance. The Chief of Police will seek a legal determination as to who has the authority to dismiss or void a traffic citation.

2001-8 Cell phone use is not in compliance with Louisiana Constitution and Louisiana Revised Statutes

The 1974 Louisiana Constitution prohibits the donation of things of value of the municipality in Article VII, Section 14 (A). Additionally, public officials and their employees have a duty to safeguard the public funds or property belonging to the municipality for which they hold office or are employed. R.S. 42:1461(A) provides that public officials and employees by act of accepting office or employment assume a personal obligation not to misappropriate, misapply, convert, misuse, or otherwise wrongfully take any funds, property, or other thing of value

**Town of Amite City
Schedule of Findings - Continued**

belonging to the municipality. R.S. 14:134 (2) defines malfeasance in office when any public officer or employee shall intentionally perform any such duty in an unlawful manner.

In April 2001 I wrote a letter to the Town concerning use of cell phones the cost of which is paid by the Town. With my letter I included copies of Attorney General opinions on use of cell phones paid with public funds. The advice given in my letter of April 2001 has generally been ignored.

The Town pays for cell phones provided by Nextel and Cingular. The Nextel invoices range from \$67 to \$116 per month depending on the selected plan. No details of calls have been provided by Nextel making it impossible to determine town business use. I requested the town's administrative staff obtain the detail of calls in April and October 2001; however, the December 2001 invoices from Nextel still contain no detail of calls.

A review of the Town's records reveals the following have cell phones paid for by the Town:

Police	3 employees
Street and Utility	3 employees
Cemetery	1 employee
Aldermen	2 employees

Monitoring cell phone use is very time consuming and places additional compliance burdens on your staff.

The employees and officials would be in violation of R.S. 42:1461(A) if there is personal use of the cell phones for which the Town is not being reimbursed. The employees and officials have an obligation and duty to immediately reimburse the Town for the personal calls made so as not to wrongfully take anything of value belonging to the Town.

Recommendation - The administration should . . .

1. Read the Attorney General's opinions on use of cellular telephones.
2. Develop a very tightly drawn set of guidelines as to who qualifies for a cell phone furnished by the Town. The guidelines should address personal calls.
3. Require the phone provider to furnish details of all calls (the Town may have to pay for this service). Your staff must monitor personal use.

Management's Response - Mayor will instruct his staff to comply with the auditor's recommendations.

Town of Amite City
Schedule of Findings - Continued

2001-9 Inadequate controls over Water, Sewer, and Garbage Receivables

The Town needs to improve controls over the water, sewer, and garbage receivables. My review of these receivables revealed the following:

- At June 30, 2001 there were approximately 341 inactive accounts with balances totaling \$5,724.36.
- The Town does not prepare or mail billing statements for inactive accounts.
- There has been no attempt made by administrative personnel to collect these inactive accounts.

This has resulted in the loss of funds for the Town and is a violation of law . . . no one is to get free water, sewer, or garbage services.

Recommendation - The Mayor should establish a policy in regards to the collection of inactive accounts. Also, personnel should be instructed to contact the software company for the utility billings and see if billing statements can be generated for inactive accounts without billing them currently.

Management's Response - Mayor will instruct his staff to comply with the auditor's recommendation.

2001-10 Possible improper payment for engineering services

During the fiscal year the Town paid for engineering services that it may not have legally owed. Article VII, Section 14 of the Louisiana Constitution prohibits payments of public funds unless a legal obligation exists.

In January 2000 a representative with Louisiana Rural Water Association (LRWA) discussed modifications to Amite's sewer treatment plant. He informed the council that only an engineer can design and certify modifications to the sewer treatment plant. A motion passed authorizing the engineer (not his corporation) to work with Amite's sewer superintendent and the representative from LRWA to present a proposal for improvements to the sewer treatment plant.

The LRWA representative located three used tertiary filters in New Jersey. These filters could be used in a sewer treatment plant designed for their use. The present plant at Amite is not designed for them.

On March 10, 2000, the Town purchased airline tickets for the LRWA representative and Amite sewer superintendent to travel to New Jersey to inspect the filters. The Town Council on March 14, 2000, voted to issue a letter of intent to purchase the traveling bridge (tertiary)

Town of Amite City
Schedule of Findings - Continued

filters. (This letter was never prepared.) The representatives from LRWA and Amite went to New Jersey on March 16, 2000, inspected the filters and discussed their use with the New Jersey township officials. While in New Jersey they obtained the specifications on filters and tentatively agreed on a price of \$204,000 for three filters.

The engineer's corporation mailed an agreement for professional services to the Town on April 4, 2000, for the Mayor's signature. The agreement had a pre-typed date of March 22, 2000.

On March 27, 2000, the town council voted to allow the engineer (not his corporation) to prepare "specs" for bids on the filters. The engineer's corporation actually prepared the "specs".

Advertisements for bids were published April 5, 12, and 19, 2000. A copy of the bid package was also sent to the New Jersey firm that owned the used filters. The bids were opened on May 2, 2000. The New Jersey firm was the only bidder. Their bid of \$204,000 was the same amount quoted to the LRWA and Amite representatives when they were in New Jersey on March 16, 2000.

It is not clear if the Engineer's services for the tertiary filters bid proposal came under the Engineering Agreement dated March 22, 2000, but signed in April 2000. That agreement was limited to a study and report. The Engineer apparently completed the study and report in late October 2000 and presented it to the Town Council on December 18, 2000.

The three used traveling bridge (tertiary) filters were purchased by the Town in May 2000 for a total cost of \$204,000. The New Jersey firm owning the filters was very upfront with the Town's sewer plant representative about the price of the filters before the New Jersey visit. The Town Council was aware of the \$204,000 price on March 14, 2000. The Town was aware of the \$204,000 price before the Engineer was employed March 27, 2000, to prepare specs for bids on the filters. The Town had to send a bid package to the New Jersey firm in order to get a bid.

In July 2000 the engineer's corporation submitted a statement to the Town which read:

For Professional Engineering Services rendered in the design and procurement of the tertiary filters . . .	
Awarded construction cost	<u>\$204,000</u>
Basic Engineering Service Fee	
10.99% x \$204,000	<u>\$22,419</u>

The Town paid the \$22,419 fee.

**Town of Amite City
Schedule of Findings - Continued**

The concerns with these transactions are:

- 1. Was the purchase of the tertiary filters . . .**
 - a. for materials or supplies
or**
 - b. for a public works project?**
- 2. If the purchase was for materials and supplies . . .**
 - a. is an engineer's fee required,**
 - b. is the engineer's fee considered a "cost plus" item?**
- 3. If a public works project, is the project . . .**
 - a. greater than \$100,000 including labor and materials
(if so, project cannot be done "in-house" - a result may be that this purchase was not legal)**
 - b. greater than \$500,000
(if so, the first advertisement for bids must appear 30 days before opening of bids)
In this case the first ad appeared 27 days before bid opening -
this may affect the legality of the bids**
- 4. Was the filter purchase considered to come under the scope of the engineering agreement dated March 22, 2000? If so.**
 - a. The engineering agreement set forth a specific order of work to be done with the condition that the engineer could not proceed to the next phase until acceptance by the Town of the first phase and the Town issues the engineer a written authorization to proceed. The first phase by the engineer was a "study and report". This was presented to the Council on December 18, 2000.**
 - b. The next phase was the "preliminary design phase". The authorization for this phase may have taken place in late July 2001. However, the Engineering Agreement requires a written authorization from the owner to the engineer before he can proceed to the next phase. No formal written authorization was prepared by the Town.**
 - c. If the engineer's services for preparing the filter bid specs comes under the engineering agreement, a clarification as to the computation of the basic**

**Town of Amite City
Schedule of Findings - Continued**

engineering services fee percentage, Exhibit C, Attachment 1, paragraph B of the agreement is needed.

- d. Payment for services, related to the preliminary design phase, final design phase, bidding phase, and construction phase before a written authorization to proceed was issued by the Town Council may not be in accordance with state law.
- 5. Minutes of the Town Council meeting on January 27, 2000, may be construed to indicate that the engineer (not his corporation) was authorized to work with Amite sewer representatives to "present a proposal for improvements to the sewer treatment plant". Although not specifically stated, a reading of the minutes could lead the readers to understand that the engineer was willing to work as a consultant.

Recommendation - I strongly recommend that the Town's legal counsel be requested to furnish the details of the transactions involving the procurement of the tertiary filters and the engineering agreement to the Attorney General of the State of Louisiana for his opinion as to whether there are any legal violations in connection therewith.

Management's Response - Mayor concurs with auditor's recommendation and will request the Town's legal counsel to obtain a legal opinion.

TOWN OF AMITE CITY
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2001

SECTION 1: INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS		
2000-1	Lack of segregation of duties (Initially reported - excess 11 years)	Unresolved - see current year Finding 2001-1
2000-2	Failure to comply with Local Government Budget Act (Initially reported - FYE 6-30-97)	Unresolved - see current year Finding 2001-2
2000-3	Failure to comply with Fiscal Agency and Cash Management Laws	Resolved
SECTION 3: MANAGEMENT LETTER		
1.	Surveys for LCDBG application	Resolved
2.	Waste water treatment plant study	Resolved
3.	Annual and sick leave policy and records	Resolved

TOWN OF AMITE CITY
MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2001

SECTION 1) INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
Finding Reference No.	Management's Corrective Action Plan
2001-1 Lack of segregation of duties	The Town concurs with the auditor's recommendation. No further action to be taken.
2001-2 Failure to comply with the Local Government Budget Act	The Town concurs with the auditor's recommendation.
2001-3 Failure to comply with Public Bid Law	Mayor concurs with auditor's recommendation and will instruct his staff to comply with it.
2001-4 Failure to obtain approval from the State Bond Commission	Mayor concurs with auditor's recommendation and will instruct his staff to comply with it.
2001-5 Failure to comply with La. Constitution Article 7 § 14	Mayor will instruct the town clerk to comply with the auditor's recommendation.
2001-6 Failure to deposit funds daily	Mayor has requested that the Chief of Police comply with the auditor's recommendation.

MANAGEMENT'S CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2001 - Continued

SECTION 1. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
Finding Reference No.	Management's Corrective Action Plan
2001-7 Traffic citations not issued and reported in accordance with State Law, possible improper dismissal	Chief of Police agrees to work toward compliance. Chief of Police will seek legal determination regarding dismissal of traffic citations.
2001-8 Cell phone use not in compliance	Mayor will instruct his staff to comply with auditor's recommendation.
2001-9 Inadequate controls over water, sewer and garbage receivables	Mayor will instruct his staff to comply with auditor's recommendation.
2001-10 Possible Improper Payment for Engineering Services	Mayor will request the Town's legal counsel to obtain a legal opinion.

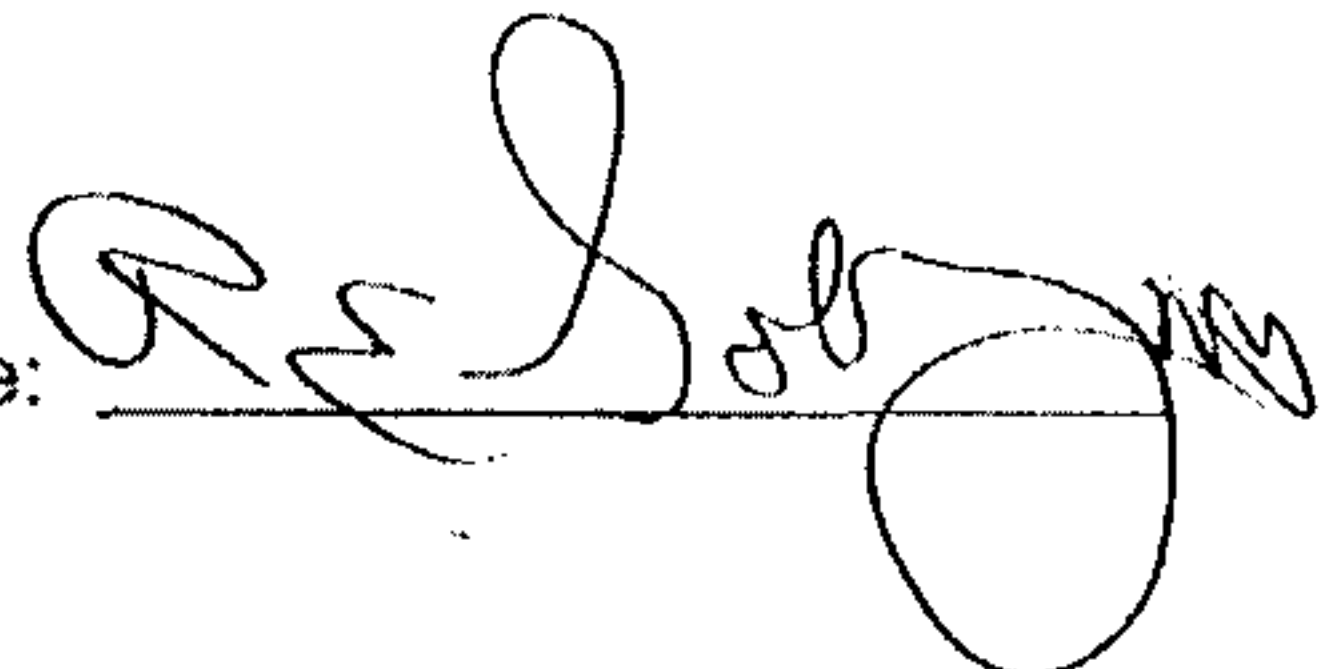
Town of Amite City

MANAGEMENT'S CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2001 - Continued

SECTION 3. MANAGEMENT LETTER		
Finding Reference No.		Management's Corrective Action Plan
MGNT - 1	Occupational Licences	Mayor concurs with auditor's recommendation.
MGNT - 2	Water & Sewer Tap Fees	Mayor concurs with auditor's recommendation.
MGNT - 3	No written authorization for some payroll deductions	Mayor concurs with auditor's recommendation.
MGNT - 4	Personal money of prisoners	The Mayor and Chief of Police agree with the auditor's recommendation.
MGNT - 5	Not complying with purchase order policy	Mayor concurs with auditor's recommendation.
MGNT - 6	Salary payment documentation	Mayor concurs with auditor's recommendation.

Date Submitted: 12-28-2001

Auditee: 



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October 26, 2001

MANAGEMENT LETTER

Honorable Reggie Goldsby, Mayor
and the Town Council
Town of Amite City
212 East Oak Street
Amite, LA 70422

Dear Mayor and Town Council:

In connection with my audit of the financial statements of the Town of Amite City as of and for the year ended June 30, 2001, I noted several matters which need to be brought to your attention. These matters and my recommendations concerning them are listed below:

OCCUPATIONAL LICENSES

- 1) The Town is not testing the gross receipts reported by businesses used to determine their occupational license fee nor performing procedures to insure that all businesses operating in the city limits have obtained an occupational license.

Recommendation

The administration should develop a master list of all businesses operating in Amite. Resources available in developing this list include:

- a. Current occupational license holders
- b. Sales tax list
- c. Ad valorem tax roll
- d. Garbage and utility users
- e. Telephone book yellow pages
- f. Visual inspection - drive around town

A listing of out-of-town insurance companies can be obtained from the Louisiana Insurance Commissioner.

The holders of current occupational licenses should be compared to the master list of businesses. Those businesses who have not purchased a current occupational licence need to be contacted. If they refuse to purchase a license, legal steps should be taken to close them down.

The Town needs to establish procedures to test the gross receipts used by businesses to determine their occupational license fee. Examples of such procedures are: comparing the gross receipts reported on the license application with those reported on the sales tax return and requesting documentation from the business to substantiate its reported gross receipts.

Response by Mayor

Mayor concurs with auditor's recommendation.

WATER AND SEWER TAP FEES

- 2) The Town does not have an established fee schedule for water and sewer tap fees. At present, the Water Superintendent or his assistant goes to the site and makes an assessment. They then radio the fee in to City Hall. There is no written documentation on file to show how the fee was determined.

Recommendation

The Town needs to establish a minimum tap fee with the provision that the Water Superintendent and/or the Assistant Water Superintendent can increase the fee due to circumstances for each tap installation. This information should be documented and filed with City Hall.

Response by Mayor

Mayor concurs with auditor's recommendation.

NO WRITTEN AUTHORIZATION FOR
SOME PAYROLL DEDUCTIONS

- 3) Employees who participate in Deferred Compensation must contribute 5% of their salary but can contribute more. Two employees contributing more than 5% to Deferred Compensation had not provided the Town with written authorization allowing the Town to deduct the additional contributions. The employees had only given verbal approval.

Recommendation

The Town should establish a general payroll deduction authorization form for employees to fill out. The Town should not make any payroll deductions without the authorization form being completed and signed by the employee. The form should be retained in the employee's personnel file.

Response by Mayor

Mayor concurs with auditor's recommendation.

PERSONAL MONEY OF PRISONERS

- 4) a) The Town is holding \$1,589.58 for four people that are no longer being held in prison. This money was received prior to July 1, 1999.
- b) Also, the Police Department does not have a receipt book with carbons to record the money they receive from a prisoner. The Town only has a log book that the arresting officer fills in. When the prisoner is released, the prisoner signs a property release form. *The log book most of the time reflects the refund.*

Recommendation

- a) The Police staff should be instructed to try to locate these people and return their money. If they are unsuccessful, the Town should turn the money over to the Unclaimed Property division for the state after all statutory requirements have been met.
- b) The Police Department should purchase a receipt book with carbons. Each prisoner should receive a receipt for his money being held by the police. The arresting officer should continue to fill out the "Inmate Personal Money" log book but now include the receipt number on the log. For all refunds, a property release form must be prepared and signed by the prisoner and the staff member issuing the refund. City Hall should be provided with copies of all release forms.

Response by Mayor

The Mayor and Chief of Police agree with the auditor's recommendations.

NOT COMPLYING WITH THE PURCHASE ORDER POLICY

- 5) On June 30, 2000, the Mayor issued a memo implementing a purchase order policy. At a meeting of the Town Council on July 11, 2000, council members requested the purchasing agent to establish controls over work orders and to review all purchases before payment.

The desired control of purchases in excess of \$100 has generally not happened.

Many purchases in excess of the \$100 continue to be made without a purchase order. It also appears that many of the purchase orders are prepared after the purchase has been made. In some instances purchase orders are issued in the blank. My audit tests reveal

that, in instances, purchase orders are not attached to the vendor's invoice. Purchase orders are not being signed.

The purchasing agent Pris Gallagher has apparently authorized Mary Lou Lee, City Clerk and Joe Dupuy, Street and Water Superintendent to issue purchase orders.

Recommendation

The purchase order policy should be amended to include very specific procedural requirements so that there is no doubt by the staff as to what the Mayor and council wants accomplished.

Response by Mayor

Mayor concurs with auditor's recommendation.

SALARY PAYMENT DOCUMENTATION

- 6) Salary payments are generally not supported by written time sheets signed by the employees and their supervisor. The Clerk usually calls various department heads to obtain verbal information as to who to pay and how much.

Recommendation

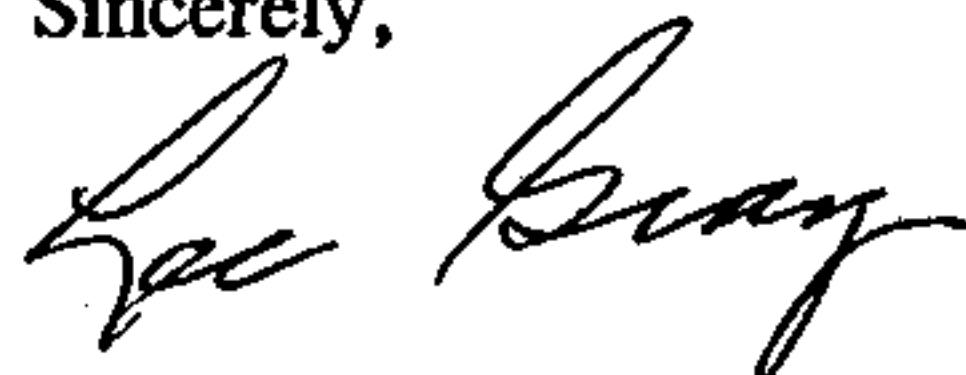
The Town should require that written time sheets signed by the employee and his supervisor be furnished the Town Clerk before any salary payments are made. The time sheets should include information about all payments for holidays, annual leave, or sick pay in addition to the time worked.

Response by Mayor

Mayor concurs with auditor's recommendation.

I thank you and your staff for the helpful cooperation I received during my audit.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lee Gray".

Certified Public Accountant